

**Actions Affecting Major State Tax, License and Fee Estimates
and Estimates of Net Available State General Fund Revenue**

2002 First Extraordinary Session

Adopted April 30, 2002

Instrument	Description	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
SESSION ACTIONS - REVENUE							
General Sales Tax							
Act 7 1st. Ex. Sess. HB 30	Excludes custom computer software from state sales & use tax. Phases in the exclusion evenly over four years. Authorizes local governments to provide a similar exemption at their discretion. Effective July 1, 2002.		(\$2,500,000)	(\$5,000,000)	(\$7,500,000)	(\$10,000,000)	(\$10,000,000)
Act 3 1st. Ex. Sess. HB 104	Excludes capital expenditures for new research equipment purchased by biotechnology companies from state and local sales & use tax. Eligible firms are identified by NAICS codes 541710, 325412, 325414, 334516, and 339112. Effective for four years beginning July 1, 2002 and expires June 30, 2006.		(\$1,300,000)	(\$1,300,000)	(\$1,300,000)	(\$1,300,000)	\$0
Act 5 1st. Ex. Sess. SB 85	Excludes expenditures made in connection with motion pictures or commercials from state sales & use tax. Expenditures must be at least \$250,000 for all projects in a year. Effective July 1, 2002.		(\$1,500,000)	(\$1,500,000)	(\$1,500,000)	(\$1,500,000)	(\$1,500,000)
Acts 71 and 2 1st. Ex. Sess. HBs 44 and 51	These bills dedicate the state's sales tax on room rentals in particular localities to particular purposes within those localities. These bills involve Lafourche Parish (\$90,000) and Concordia Parish (\$5,000). Both effective July 1, 2002.		(\$95,000)	(\$97,700)	(\$100,500)	(\$103,300)	(\$106,300)
Corporate Income and Franchise Tax							
Act 8 1st. Ex. Sess. HB 105	Provides 15% tax credits for costs associated with commercializing technology resulting from research sponsored by LA institutions. Eligible costs include machinery & equipment and rights to the technology. Various restrictions and conditions are provided. Effective July 1, 2002 for tax years beginning on or after January 1, 2003 and 2004. Expires December 31, 2006.		(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)
Act 9 1st. Ex. Sess. HB 106	Provides an 8% or 25% tax credit for the state's apportioned share of eligible research expenditures if the taxpayer claims a federal tax credit under 26 U.S.C.A. §41(a). Also provides an 8% tax credit to taxpayers who receive a Small Business Innovation Research Grant from the U.S. Dept. of Commerce, Small Business Admn. These two credits are phased in evenly over four years beginning with expenditures made in calendar year 2003. Expires December 31, 2006.		\$0	(\$2,530,000)	(\$5,061,000)	(\$7,591,000)	(\$10,121,000)

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Instrument	Description	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Act 110 1st. Ex. Sess. HB 166	Expands the Quality Jobs Program to include the Hornets NBA basketball organization. Certain restrictions apply. The program provides ten years of payroll subsidy through refundable tax credits. Effective July 1, 2002.		(\$3,650,000)	(\$3,650,000)	(\$3,650,000)	(\$3,650,000)	(\$3,650,000)
Act 153 1st. Ex. Sess. HB 144	Makes substantial changes to the Quality Jobs Program with the goal of expanding applicability of the program. The program provides ten years of payroll subsidy through refundable tax credits. Effective May 1, 2002. No new applications to the program shall be approved after January 1, 2005.		(\$2,400,000)	(\$9,400,000)	(\$14,100,000)	(\$18,800,000)	(\$23,500,000)
Act 1 1st. Ex. Sess. HB 17	Provides a tax credit to motion picture production companies based on aggregate payroll during a year, with certain restrictions. The credit is 10% if the payroll exceeds \$300,000 and 20% if it exceeds \$1 million. Effective July 1, 2002 and expires June 30, 2006.		(\$550,000)	(\$1,100,000)	(\$1,100,000)	(\$1,100,000)	(\$1,100,000)
Act 6 1st. Ex. Sess. SB 108	Provides a tax credit to motion picture production companies based on the level of investment in state-certified productions, with certain restrictions. The credit is 10% if the level of investment is \$300,000 to \$1 million, and 15% if it exceeds \$1 million. Effective July 1, 2002 and expires January 1, 2007.		(\$650,000)	(\$1,300,000)	(\$1,300,000)	(\$1,300,000)	(\$1,300,000)
Act 38 1st. Ex. Sess. SB 55	Provides for the acceleration of an existing tax credit granted for purchases of qualified recycling equipment. Credits to be realized over the next several years are allowed through a refundable credit prior to July 1, 2002. Thus, the revenue loss associated with the bill is to FY02, and is in the amount of \$2.4 million. The bill applies to Bayou Steel Corp. Effective upon governor's signature.	(\$2,400,000)					
Act 112 1st. Ex. Sess. HB 169	Authorizes five-year tax credit contracts with heritage-based businesses within the 13 parishes of the Atchafalaya Trace Heritage Area Development Zone. Credits allowed are \$750 for the business and \$750 for each new employee. Effective January 1, 2003. No new applications shall be received after December 31, 2006.		\$0	(\$50,000)	(\$150,000)	(\$250,000)	(\$350,000)
Total Adjustments To Major State Tax, License And Fee Estimates		(\$2,400,000)	(\$12,745,000)	(\$26,027,700)	(\$35,861,500)	(\$45,694,300)	(\$51,727,300)

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Instrument	Description	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
SESSION ACTIONS - DEDICATIONS							
Tourism Promotion District							
Act 154 1st. Ex. Sess. HB 158	Extends the current \$17.5 million cap on the District's dedication beyond the FY03 period. Prior law reduced the cap to \$16 million beginning in FY04, and this \$1.5 million reduction to the dedications had been built into the official revenue forecast. This bill makes the current dedication level permanent.			\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
Sports Facility Assistance Fund							
Act 146 1st. Ex. Sess. HB 170	Dedicates the personal income taxes collected from nonresident member athletes of the PGA Tour, Inc. to the Sports Facility Assistance Fund. Effective upon governor's signature.		\$135,000	\$135,000	\$135,000	\$135,000	\$135,000
Total Adjustments To Dedications of Major State Tax, License, and Fee Estimates		\$0	\$135,000	\$1,635,000	\$1,635,000	\$1,635,000	\$1,635,000
TOTAL ADJUSTMENTS TO OFFICIAL NET AVAILABLE STATE GENERAL FUND-DIRECT REVENUE FORECAST		(\$2,400,000)	(\$12,880,000)	(\$27,662,700)	(\$37,496,500)	(\$47,329,300)	(\$53,362,300)
Transfers From Other Funds							
Act 111 1st. Ex. Sess. HB 168	Provides relative to the Exceptional Performance and Gainsharing Incentive Program. Among changes made to the program, the treasurer is directed to transfer a one-time amount of \$3 million from the Incentive Fund to the state general fund in the current year.	\$3,000,000					
TOTAL ADJUSTMENTS TO OFFICIAL NET AVAILABLE STATE GENERAL FUND-DIRECT REVENUE FORECAST		\$600,000	(\$12,880,000)	(\$27,662,700)	(\$37,496,500)	(\$47,329,300)	(\$53,362,300)

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Enacted

Instrument	Description	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
NEW AND RENEWED TAXES - REVENUE							
General Sales Tax							
Act 22 Reg. Sess. HB 169	Continues the suspension of exemptions (home food, utilities, and other transactions) to 1% of tax indefinitely, to 2% of tax for two years through FY04, to 90% of 1% of tax through FY03, and 80% of 1% of tax through FY04. The reductions in taxation apply to home food and utilities. Other suspended exemptions are taxed at the full rate. Effective July 1, 2002.	\$455,300,000	\$453,400,000	\$123,609,000	\$126,119,000	\$128,629,000	
Personal Income Tax							
Act 24 Reg. Sess. HB 171	Extends the suspension of a portion of the deduction for excess federal itemized deductions. In tax year 2002 a deduction of 57.5% is allowed; in tax year 2003 a deduction of 65% is allowed.	\$76,400,000	\$62,800,000				
Act 25 Reg. Sess. HB 238	Continues the suspension of the \$25/child tax credit for four years, through FY06. This is expected to generate some \$18 million per year. Also provides an expanded child care credit based on the income level of the taxpayer. This is expected to reduce state revenue by some \$5.3 million per year. This credit is effective for tax period beginning on or after January 1, 2003 (FY04 being the first fiscal year affected).	\$18,000,000	\$12,700,000	\$12,700,000	\$12,700,000	(\$5,300,000)	
Tobacco Tax							
Act 21 Reg. Sess. HB 167	Extends a 4¢ per pack tax until June 30, 2012. This tax was scheduled to expire on July 1, 2002. Effective July 1, 2002.	\$14,200,000	\$13,900,000	\$13,600,000	\$13,400,000	\$13,100,000	
Act 19 Reg. Sess. HB 157	Levies an additional 12¢ per pack tax on cigarettes, applicable to products purchased after August 1, 2002. Dedicates the revenue to several purposes.	\$27,360,000	\$44,688,000	\$43,794,000	\$43,064,000	\$42,202,000	
Auto Rental Excise Tax							
Act 20 Reg. Sess. HB 166	Extends the levy of the short-term automobile rental excise tax through June 30, 2012. The state rate is 2.5% and local rate is 0.5%. This tax was scheduled to expire on July 1, 2002.	\$4,500,000	\$4,500,000	\$4,500,000	\$4,500,000	\$4,500,000	
Total Adjustments To Major State Tax, License And Fee Estimates		\$0	\$595,760,000	\$591,988,000	\$198,203,000	\$199,783,000	\$183,131,000

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NEW AND RENEWED TAXES - DEDICATIONS							
Tourism Promotion District Act 22 Reg. Sess. HB 169	Continues the suspension of exemptions (home food, utilities, and other transactions) to 90% of the District's 0.03% tax through FY03 and 80% of the tax through FY04. The reductions in taxation apply to home food and utilities. Other suspended exemptions are taxed at the full rate. Effective July 1, 2002.		\$3,100,000	\$2,800,000			
Economic Development / Workforce Commission Act 22 Reg. Sess. HB 169	The continuation of the suspension of exemptions (home food, utilities, and other transactions) also continues the dedication of additional revenue the Economic Development / Workforce Commission funds. Effective July 1, 2002.		\$1,900,000	\$1,900,000			
Tobacco Tax Health Care Fund Act 19 Reg. Sess. HB 157	Levies an additional 12¢ per pack tax on cigarettes, applicable to products purchased after August 1, 2002. Dedicates the revenue to the LA Cancer Research Center of the LSU Health Science Center in New Orleans and Shreveport, and the Tulane Health Science Center, smoking prevention mass media programs, the Office of Addictive Disorders, the LSU and Southern Agriculture Centers, the DARE program, and the office of state police.		\$27,360,000	\$44,688,000	\$43,794,000	\$43,064,000	\$42,202,000
	Total Adjustments To Dedications of Tax Renewals	\$0	\$32,360,000	\$49,388,000	\$43,794,000	\$43,064,000	\$42,202,000
	TOTAL TAX RENEWAL ADJUSTMENTS TO OFFICIAL NET AVAILABLE STATE GENERAL FUND-DIRECT REVENUE FORECAST	\$0	\$563,400,000	\$542,600,000	\$154,409,000	\$156,719,000	\$140,929,000

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OTHER SESSION ACTIONS - REVENUE							
Alcoholic Beverage Tax							
Act 14 Reg. Sess. HB 147	Provides for a refund of taxes paid on beverages of low alcohol content when the product is damaged, unfit for sale, and is returned to the manufacturer or destroyed by the dealer.		Minimal Decrease	Minimal Decrease	Minimal Decrease	Minimal Decrease	Minimal Decrease
General Sales Tax							
Act 27 Reg. Sess. SB 11	Provides a state and local sales & use tax exemption for purchases by nonprofit literacy organizations. Exempt purchases are limited to books, workbooks, computers, software, films, videos, and audio tapes. Effective July 1, 2002.		(\$49,600)	(\$49,600)	(\$49,600)	(\$49,600)	(\$49,600)
Act 49 Reg. Sess. HB 26	Continues a state sales & use tax exemption for purchases of utilities by certain steelworks and blast furnaces. According to the Dept. of Revenue, two firms in the state currently qualify for this exemption. Effective July 1, 2002 through June 30, 2004.		(\$794,000)	(\$794,000)			
Act 67 Reg. Sess. HB 158	Provides a state and local sales & use tax exemption to certain newspapers distributed free of charge to the reader. Effective July 1, 2002.		(\$75,000)	(\$75,000)	(\$75,000)	(\$75,000)	(\$75,000)
Act 61 Reg. Sess. HB 124	Excludes from state sales & use tax purchases of various types of digital conversion equipment by broadcast television stations (and broadcast radio stations when mandated by the FCC). Also provides for retroactive exclusion back to January 1, 1999. Authorizes a local option exclusion and retroactivity, as well. Effective upon governor's signature.		(\$1,100,000)	(\$605,000)	(\$617,000)	(\$629,000)	(\$642,000)
Act 31 Reg. Sess. SB 39	Exempts from state and local sales & use tax the costs of labor, materials, services, and supplies used to repair, renovate, or convert and drilling rig, machinery, and equipment used outside the state's territorial limits. Effective July 1, 2002.		(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)

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Act 70 Reg. Sess. HB 205	Excludes from state and local sales & use tax purchases by nonprofit blood banks and blood collections centers of materials used directly in the collection, separation, treatment, testing, and storage of blood. Effective July 1, 2002.		(\$596,000)	(\$596,000)	(\$596,000)	(\$596,000)	(\$596,000)
Act 71 Reg. Sess. HB 207	Excludes from state and local sales & use tax purchases by nonprofit blood banks and blood collections centers of apheresis kits and leukoreduction filters. Effective upon governor's signature.		(\$174,000)	(\$174,000)	(\$174,000)	(\$174,000)	(\$174,000)
Act 58 Reg. Sess. HB 95	Excludes from state sales & use tax telephone directories distributed free of charge. Also excludes from state and local sales & use tax cold storage space furnished under a bailment arrangement. Effective upon governor's signature.		(\$41,700)	(\$41,700)	(\$41,700)	(\$41,700)	(\$41,700)
Act 72 Reg. Sess. HB 225	Provides a state and local sales & use tax exemption for dental devices used exclusively by the patient in connection with dental care treatment. Also provides an income tax credit to dentists who establish practices after July 1, 2002 in areas designated as Dental Health Professional Shortage Areas by the U.S. Dept. of Health and Human Services. The maximum such tax credit is \$5,000, and is available for five years.		Minimal Revenue Loss				
Act 40 Reg. Sess. SB 62	Provides definitions for foreign or interstate coastwise commerce that appear to broaden exemption to state and local sales & use tax. Revenue losses could be substantial. A nominal amount is recommended to recognize that revenue losses are likely to exist.		(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)
Act 85 Reg. Sess. SB 86	Exempts cellular telephones from state and local sales & use tax when provided in conjunction with the sale of a cellular service contract. Effective upon governor's signature.		(\$150,000)	(\$156,000)	(\$162,000)	(\$169,000)	(\$175,000)
Corporate Income and Franchise Tax							
Act 78 Reg. Sess. HB 252	Provides a tax credit equal to the filing fee paid to the LABond Commission by economic development corporations when they issue debt. Makes various other changes to the law concerning such corporations. Effective upon governor's signature.		Minimal Decrease	Minimal Decrease	Minimal Decrease	Minimal Decrease	Minimal Decrease

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Act 59 Reg. Sess. HB 98	Allows insurance holding companies that own at least 80% of a subsidiary property & casualty insurance company, the subsidiary having less than \$20 million of capital and surplus, to deduct the value of its holdings from its corporate franchise tax base. Effective for tax periods beginning on or after July 1, 2002 and before January 1, 2005. Effective July 1, 2002.		(\$123,000)	(\$123,000)			
Act 60 Reg. Sess. HB 122	Provides a tax credit for 25% of the costs incurred for the rehabilitation of historic structures in certain development districts. Effective for tax periods ending prior to January 1, 2005. Effective on July 1, 2002.		(\$2,500,000)	(\$2,500,000)	(\$2,500,000)		
Act 66 Reg. Sess. HB 153	Provides a tax credit for investments in Community Development Entities (CDEs) that are subsequently used to make investments in low-income communities in the state. The credit is 1% for the first three years then 2% for the next four years. Aggregate credits are capped at \$5 million per year. Effective from September 1, 2002 to August 31, 2006.		(\$970,000)	(\$970,000)	(\$970,000)	(\$1,940,000)	(\$1,940,000)
Act 84 Reg. Sess. HB 267	Allows new capital into the CAPCO program until December 31, 2003. This will generate \$80 million of additional premium tax credits and \$4 million of additional income tax credits. The income tax credits are shown to the right. Effective upon governor's signature.		(\$2,000,000)	(\$2,000,000)			
Act 32 Reg. Sess. SB 42	Provides a refundable credit equal to the state sales tax paid by purchasers of specialty apparel items from a Private Sector Prison Industry Enhancement Program contractor. There is currently only one such contractor in the state. Effective January 1, 2003 until January 1, 2006.		(\$2,200)	(\$2,200)	(\$2,200)	(\$2,200)	(\$2,200)
Personal Income Tax							
Act 30 Reg. Sess. SB 38	Provides an income tax exclusion to S-bank shareholders where net income flows through to the individual shareholders for tax purposes. That income is excluded from state income tax. Effective for tax periods beginning on or after January 1, 2003.		\$0	(\$884,000)	(\$884,000)	(\$884,000)	(\$884,000)

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Act 11 Reg. Sess. HB 145	Allows estates and trusts to claim credits for inventory property taxes, playground donations, and property taxes paid by certain telecommunications companies. Effective for tax periods beginning after December 31, 2002.		\$0	Minimal Decrease	Minimal Decrease	Minimal Decrease	Minimal Decrease
Act 72 Reg. Sess. HB 225	Provides an income tax credit to dentists who establish practices after July 1, 2002 in areas designated as Dental Health Professional Shortage Areas by the U.S. Dept. of Health and Human Services. The maximum such tax credit is \$5,000, and is available for five years. Also provides a state and local sales & use tax exemption for dental devices used exclusively by the patient in connection with dental care treatment.		(\$5,000)	(\$10,000)	(\$15,000)	(\$20,000)	(\$25,000)
Gift Tax							
Act 15 Reg. Sess. HB 148	Equates the annual exclusion of gifts to a single donee to the federal annual exclusion. The federal exclusion is annually adjusted for inflation, and is currently \$11,000. The current state exclusion is \$10,000.		(\$60,000)	(\$60,000)	(\$60,000)	(\$60,000)	(\$60,000)
Severance Tax							
Act 74 Reg. Sess. HB 236	Reauthorizes applications for severance tax exemption on production from the re-entry of inactive wells. The tax exemption is for a two year period. No new well certifications have been allowed since July 1, 2000. New applications can be received during the four-year period beginning July 1, 2002 through June 20, 2006. Effective upon governor's signature.		(\$3,100,000)	(\$2,600,000)	(\$3,600,000)	(\$3,900,000)	(\$3,100,000)
Excise License Tax (Insurance Premium Tax)							
Act 84 Reg. Sess. HB 267	Allows new capital into the CAPCO program until December 31, 2003. This will generate \$80 million of additional premium tax credits and \$4 million of additional income tax credits. The premium tax credits are shown to the right. Effective upon governor's signature.		\$0	\$0	(\$5,000,000)	(\$10,000,000)	(\$10,000,000)

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Motor Vehicle Sales Tax							
Act 2 Reg. Sess. HB 40	Extends through June 30, 2004 sunset of a state and local sales & use tax exemption for certain trucks, trailers, and buses. This exemption would have expired June 30, 2002. Effective June 30, 2002.		(\$1,000,000)	(\$1,000,000)	\$0	\$0	\$0
Total Adjustments To Major State Tax, License And Fee Estimates		\$0	(\$12,940,500)	(\$12,840,500)	(\$14,946,500)	(\$18,740,500)	(\$17,964,500)
OTHER SESSION ACTIONS - DEDICATIONS							
Excise License Tax (Insurance Premium Tax) Dedications State Police Salary Fund							
Act 83 Reg. Sess. HB 266	Dedicates premium tax collections in FY03 and subsequent years that are in excess of collections in FY01 to a special fund for salary increases and related benefits for members of the state police service. Annual deposits to the special fund from this dedication are capped at \$15.6 million. Effective June 30, 2002.		\$15,600,000	\$15,600,000	\$15,600,000	\$15,600,000	\$15,600,000
Excise License Tax (Insurance Premium Tax) Dedications Risk Management Insurance Premium Payment Fund							
Act 83 Reg. Sess. HB 266	Dedicates a specific dollar amount of premium tax collections in FY02 that are in excess of collections in FY01 to a special fund for paying premiums to the Office of Risk Management. Effective June 30, 2002, and null and void July 1, 2003.	\$5,750,000					

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Excise License Tax (Insurance Premium Tax) Dedications Excess Revenue Collection Fund							
Act 83 Reg. Sess. HB 266	Dedicates a specific dollar amount (after the deposit to the Risk Management Insurance Premium Payment Fund above) of premium tax collections in FY02 that are in excess of collections in FY01 to a special fund for meeting any increase in employer contributions above the statutory minimums for the Firefighter's Retirement System. Effective June 30, 2002, and null and void July 1, 2003.	\$4,500,000					
Excess Revenue Collection Fund							
Act 83 Reg. Sess. HB 266	Dedicates a specific dollar amount (after the deposit to the Excess Revenue Collections Fund above) of taxes, licenses, and fees comprising the Official Forecast for FY02 that are in excess of the Official Forecast for FY02 as of April 30, 2002 to a special fund for meeting any increase in employer contributions above the statutory minimums for the Firefighter's Retirement System. Excess collections must be atleast asmuch asthe amountdedicated. Effective June 30, 2002, and null and void July 1, 2003.	\$4,536,000					
Total Adjustments To Dedications of Major State Tax, License, and Fee Estimates		\$14,786,000	\$15,600,000	\$15,600,000	\$15,600,000	\$15,600,000	\$15,600,000
TOTAL ADJUSTMENTS TO OFFICIAL NET AVAILABLE STATE GENERAL FUND-DIRECT REVENUE FORECAST		(\$14,786,000)	(\$28,540,500)	(\$28,440,500)	(\$30,546,500)	(\$34,340,500)	(\$33,564,500)

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OTHER ITEMS OF INTEREST							
Personal Income Tax - Long-Term Care Insurance Credit							
Act 54 Reg. Sess. HB 55	Provides a tax credit for 10% of the premium cost of long-term care insurance policies that meet certain conditions. The credit is effective when the legislature creates a special fund to finance the credit.			(\$13,100,000)	(\$15,300,000)	(\$17,700,000)	(\$20,300,000)
Constitutional Amendment To Swap Certain Sales Taxes For Income Taxes							
Act 88, HB 31 Act 51, HB 36 Reg. Sess.	HB 31 amends the Constitution to restrict a statewide sales tax on food for home consumption, residential utilities, and prescription drugs to 2% effective January 1, 2003, and to prohibit such a tax on these transactions effective July 1, 2003. Also, authorizes personal income tax rates and brackets to be those in effect on January 1, 2003. HB 36 widens the bottom personal income tax bracket and narrows the top two brackets. Also eliminates the deduction allowed for excess federal itemized deductions. Effective January 1, 2003 if the constitutional amendment proposed in HB 31 is adopted at the statewide election on November 5, 2002. The fiscal notes on both bills incorporate the changes to the sales tax and income tax renewals that were enacted in Act 22 (HB 169) and Act 24 (HB 171) of the 2002 Regular Session, respectively. Note that the baseline for these fiscal notes assumes that sales and income taxes imposed in Acts 22 and 24 are continued indefinitely at the levels established in those Acts for FY04.	HB 31	(\$64,000,000)	(\$240,000,000)	(\$245,000,000)	(\$249,000,000)	(\$254,000,000)
		HB 36	\$55,000,000	\$244,000,000	\$263,000,000	\$282,000,000	\$304,000,000
		Net Effect		(\$9,000,000)	\$4,000,000	\$18,000,000	\$33,000,000